



THE COMMITTEE ON

WAYS & MEANS

FACT CHECK

THE TAX REFORM LAW DOES NOT TARGET CHURCHES

MYTH

A recent *Politico* article claimed that “Republicans have quietly imposed a new tax on churches, synagogues and other nonprofits.”

REALITY

FALSE. There is no tax on churches or their employees. Nor does the *Tax Cuts & Jobs Act* change the tax-exempt status of nonprofits, churches or synagogues – which are critical to their existence.

- ▶ **The new tax law places non-profit and for-profit organizations on equal footing** in two areas: compensation exceeding \$1 million a year for top executives at nonprofits will no longer be deductible, similar to highly-paid executives at private companies. A recent report by the *Wall Street Journal* of 2014 tax returns identified 2,700 nonprofit officials were paid more than \$1 million.
- ▶ In addition, costs incurred by employers for providing mass transit (like subway or bus fares), vanpools, or paid parking will not be deductible. This applies to both for-profit and nonprofit organizations. **Providing these benefits, however, does not count as income to the employees just like in the previous tax law – so individuals are not impacted.**
- ▶ **Non-profits are not taxed on meals or gym benefit for their workers.** The *Politico* article had that wrong too.

BOTTOM LINE

The *Tax Cuts and Jobs Act* lets families and local businesses keep more of what they earn. People give more to churches, non-profits, and synagogues in a better economy, and in just six months, the tax reform law has certainly boosted the economy.